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C O N F I D E N T I A L SECTION 01 OF 03 KATHMANDU 002091

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SUBJECT: TO JOIN OR NOT TO JOIN: THE NEPALI PARTIES'  
DILEMMA

REF: (A) KATHMANDU 2025

Classified By: DCM ROBERT K. BOGGS. REASON: 1.5 (B,D).

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SUMMARY  
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1. (C) King Gyanendra's dismissal of the government of former Prime Minister Sher Bahadur Deuba and appointment of an interim government have spotlighted long-standing tensions--and mutual suspicions--between the political parties and the Palace. Conversations with leaders of the two largest political parties reveal a deep-seated mistrust of the King and his motives that interprets his action as part of a carefully orchestrated plan to sideline and undermine the parties. The Palace, for its part, has made little effort so far to mask its disdain for the self-serving political leaders. India reportedly is undertaking a campaign to persuade Nepal's leading politicians to take part in the interim government. Given India's influence in Nepal's domestic politics, at least some of the parties--perhaps the Communist Party of Nepal - United Marxist Leninist (UML)--may take the bait. Unfortunately, only the Maoists, with their well-known proclivity for driving wedges among competing political interests, stand to benefit from the ongoing polarization between the Palace and the parties. End summary.

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PARTY/PALACE POLARITY  
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2. (C) Since King Gyanendra's October 11 appointment of an interim government under Prime Minister Lokendra Bahadur Chand, the mainstream political parties have remained pointedly aloof from the Cabinet. The stalemate is fueling a growing polarity between the Palace and parties that could undermine any efforts to re-establish dialogue with the Maoists. When the King used his constitutional authority to sack the government of former Prime Minister Sher Bahadur Deuba October 4, he invited all of the mainstream political parties to give him, within five days, nominations of members to an interim Cabinet. One week later, when the parties ostensibly failed to provide him the nominations within the stipulated deadline, the King appointed his own candidate, Lokendra Bahadur Chand, as caretaker Prime Minister, as well as eight other members of an interim Cabinet. The politicians immediately cried foul, with the leaders of the two largest political parties, the Nepali Congress and the Communist Party of Nepal - United Marxist Leninist (UML), crying the loudest and longest. Despite PM Chand's overtures to party leaders to nominate members to fill the remaining seven vacant slots in his Cabinet, only the Nepal Sadbhavana Party, whose Acting President Badri Prasad Mandal the King made Deputy PM, has announced it is ready to take Chand up on his offer. (We expect Chand's National Democratic Party, a.k.a RPP, to make a similar announcement soon.)

3. (C) The Palace's version of events thus far is fairly straightforward. The King, acting on a commitment to multi-party democracy, invited the parties' participation in the interim government, but the parties, recalcitrant and fractious as usual, could not agree on a slate of names within the stipulated time frame. The King's previously stated commitment to multi-party democracy and holding elections as early as possible, however, remains unchanged. He has told us that he consulted constitutional experts before undertaking his action, and is confident of its constitutionality. The Chand government continues to seek the parties' nominations for the rest of the Cabinet, as well as their consensus on an early date for elections (Ref A).

4. (C) The two largest parties, however, tell a somewhat different story. Conversations with Nepali Congress President and former PM G.P. Koirala and UML leader Madhav Nepal, as well as with other members of the Nepali Congress and UML leadership, reveal a long-standing, deep-seated mistrust of the Palace and its motives--with some even intimating the current imbroglio is the outcome of a carefully hatched plot by the King and his royalist cronies to undermine democracy. They view the affable, ever-amenable

Chand as no more than a stooge to carry out the Palace's bidding. Koirala and Nepal have each recounted events that suggest the Palace misrepresented its intentions in private consultations with the parties. According to both Koirala and Nepal, in private audiences on or before October 11 the King asked for their approval of Chand as PM. Both tell us they gave their approval--or at least offered no objection--with the understanding that the new PM would then consult with the party leaders on nominations for the rest of the Cabinet. That consultation would preserve "the spirit of Clause 128" of the Constitution, in their view, which covered the formation of the the first Cabinet under democracy. Clause 128 stipulated that that first Cabinet consist of 'representatives of the main political parties' chosen on the recommendation of the Prime Minister. Both tell us they went away from their meetings with the belief that the King had agreed to that arrangement--only to be surprised late October 11 by the announcement of eight other Cabinet members along with Chand. (The Nepal Sadbhavana Party leadership did not know its Acting President was to be join the Cabinet until the announcement, according to the party's General Secretary.)

15. (C) Besides feeling they had been hoodwinked, Koirala and Nepal cited an additional barrier to their parties' participation in Chand's Cabinet. Both argue that the King has never actually ceded to the new PM the executive power he assumed after his October 4 dismissal of Deuba. (Koirala said Chand had admitted as much to him, adding that the King, rather than Chand, picked the rest of the Cabinet.) The lack of executive authority makes Chand no more than "a titular Prime Minister," Koirala told us, and his Cabinet a "puppet government," in Nepal's view, which would be "suicidal" for any self-respecting democratic party to join. A Prime Minister should be accountable to the people first, rather than to the Palace, Nepal noted. Under the current situation, however, the reverse holds true, he asserted. "If the government is only a tool (of the Palace), why should we join?"

16. (C) Both Koirala and Nepal argue that the interim government needs the political parties to gain popular support. Koirala said he had advised the King to form a Cabinet with political party members to give himself a buffer between the vicissitudes of government and popular discontent. The King violated the preamble of the Constitution, which awards sovereignty to the people, when he arrogated executive powers to himself, Koirala charged. Both Nepal and Koirala said the King must "correct his mistakes" by giving Chand the authority to reform his Cabinet in the "spirit of Clause 128," i.e., in consultation with the parties, if he truly wants to broaden partisan participation in the caretaker government. The UML might take part in such a reformed Cabinet; Koirala's Nepali Congress, he claims, would stay out, but would not agitate against it.

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GYANENDRA: "AMBITIOUS" AND DECISIVE  
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17. (C) Some observers who have met the King describe him as shrewd, articulate, and far more decisive than his late brother. One former Nepali ambassador to the UK who knew Gyanendra years before he became King describes him as "ambitious" and critical of his late brother's passivity during the drive for democracy. Others, while stopping short of criticizing the King himself, say they are uneasy because of the close coterie of pro-monarchist advisors that surround him. In private discussions (both with the Ambassador and as reported by other interlocutors), the King has made no secret of his impatience with the political parties, citing them for corruption, self-interest, and ineffectuality in dealing with the Maoists, points echoed by the Royal Nepal Army leadership. Despite this antipathy, at least some of the King's advisors agree that the new government needs multiparty participation--both to afford the King political cover and to make the government more credible to Nepalis and to the international community. (No one, however, makes the argument that including the parties will increase the government's effectiveness or competence.) The King's rigidity in setting conditions for participation in the government has made it increasingly difficult for the parties to accept his terms. We have heard reports that the Indian government, through its Embassy in Kathmandu, will step up efforts over the next few weeks to persuade political parties to take part in the government. To make this work, the Palace may have to back down from some of its previous preconditions for Cabinet membership--perhaps scrapping the prohibition against members contesting the next election. (We have heard reports that the King may be willing to do this.) In addition, the Indians may ask that the King make clear that he has handed back executive power to the Prime Minister.

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THE MAOISTS  
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18. (C) But the mainstream parties and the Palace are only part of the political equation. The Maoists, who seem to thrive on the political factionalization endemic in Nepal, must also be factored in. The insurgents have responded in typically cryptic fashion to interim government overtures for dialogue, neither categorically ruling them out nor accepting them. Instead, they have called for the King, members of political parties, and civil society to work together toward "a conducive atmosphere" for dialogue--predicated on the well-nigh impossible condition of the King first agreeing to a constituent assembly to draft a new constitution. (Note: In Maoist parlance, revision of the Constitution is shorthand for severing the King's authority over the Army and other changes that would provide a foothold for the militants--including ultimate abolition of the monarchy--in the Nepali power system. End note.) In the meantime, they are keeping up their campaign of killing, extortion, and strike-calling, confident that the stalemate between the parties and the Palace will keep the heat off them. Pratyoush Onta, a Nepali scholar, told us the Maoists are masters of the art of obfuscation and "rhetorical confusion," never missing a chance to sow dissension among various political forces and reap advantage from polarities that may develop. Unfortunately, Onta says, the parties--and now, apparently, the Palace as well--time and time again play into the Maoists' hands, allowing themselves to be manipulated into the insurgents' divide-and-conquer game.

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COMMENT  
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19. (C) Mistrust of the Palace by political leaders like G.P. Koirala and Madhav Nepal is an outgrowth of the years of repression and personal hardship suffered in the struggle leading to the restoration of democracy in 1990. Unfortunately, the current King's firmness in dealing with the parties--as well as his alleged disingenuousness in revealing his intentions--have done little to dispel that mistrust. The King may well have cause to be impatient with the parties' penchant for bickering and preoccupation with short-term political gain. But the King needs the parties' participation--and their popular base, however battered--if the interim government is to accomplish the many ambitious tasks set for it, such as setting a date for elections and initiating dialogue with the Maoists. Without the parties' participation, the King's reassurances of his commitment to multi-party democracy and early elections will begin to wear thin. Presenting a united front before the Maoists, moreover, has to be the first step in seeking dialogue with the insurgents. Otherwise, the insurgents can later renege on any agreement reached, claiming it did not have popular support. Like it or not, the King must offer the parties some face-saving concession--perhaps scrapping the prohibition against Cabinet members contesting the election and/or allowing Chand to restructure the Cabinet--if he truly wants to obtain the multi-partisan, consensus government he says he wants. The question then will be whether the party leaders will rise above their narrow personal and partisan interests and work together, under the King's leadership, for the good of the nation and the restoration of full democracy.

MALINOWSKI